AGREEMENT

between

THE GOVERNMENT OF THE KINGDOM OF NORWAY

and

THE GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA

regarding

support to Public Expenditure Review (PER) Basket Fund

WHEREAS the Government of the Kingdom of Norway ("Norway") and the Government of the United Republic of Tanzania ("Tanzania"), have entered into an agreement regarding Cooperation for Promoting of the Economic and Social Development of the Republic of Tanzania, dated 13 June 1988 and prolonged by Addenda dated 22 October 1995, 3 July 1996, 30 June 1997, 12 December 1997 and 27 May 1998, 6 December 1999 and 10 January 2001 and 21 May 2002 ("the Main Agreement"), and with reference to the provisions therein relating to Specific Agreements,

WHEREAS Norway and Tanzania have signed a Memorandum of Understanding dated 2 June 2002 concerning development cooperation,

WHEREAS Norway has supported the PER Basket Fund through an agreement dated 6th December 2001,

WHEREAS Tanzania has requested Norway for continued support to the PER Basket Fund,

WHEREAS Norway has decided to comply with the request,

WHEREAS Tanzania and Norway together with the other donors in the Programme have signed a Memorandum of Understanding ("the MoU"), dated 23.12.03 regarding the PER Basket Fund,

NOW THEREFORE Norway and Tanzania has agreed as follows:
Article I
Scope

1. This Agreement sets forth the terms and procedures for Norway's assistance to the Public Expenditure Review (PER) Basket Fund as outlined in Annex I to this Agreement ("the Programme").

2. The Programme is further outlined in the MoU attached as Annex II.

3. The MoU to this Agreement can be substituted by later versions of the document.

4. The Goal of the PER Basket Fund is to facilitate preparation and funding of the PER process and make it more transparent.

5. The Objective of the PER Basket Fund is to provide funds for the PER activities in a flexible manner that will strengthen Tanzania's ownership over the studies conducted.

6. The activities financed by the PER Basket Fund will be agreed and monitored by the PER Working Group under the chairmanship of the Ministry of Finance.

Article II
Information Representation Administration

1. Norway and Tanzania shall cooperate fully to ensure that the Goal and Objective of the Programme are successfully accomplished. To that effect each Party shall furnish the other Party with all such information as may reasonably be required pertaining to the Programme.

2. In matters pertaining to the implementation of this Agreement the Norwegian Agency for Development Cooperation ("NORAD") and the Ministry of Finance ("the Ministry") shall be competent to represent Norway and Tanzania respectively.

   All communication to Norway in regard to this Agreement shall be directed to the Royal Norwegian Embassy in Dar es Salaam.

3. Representatives of the participating partners to the MoU and Tanzania have established a PER Working Group (WG). The role of the WG is further described in the MoU. Meetings of the WG may be initiated at any time by any participating partner to discuss matters relating to any issue concerning additional funding, operation, monitoring, reporting and auditing of the PER Basket Fund. WG shall review and approve reports received in accordance with Article VI below.
The consultations shall be called and chaired by the Ministry.

The participating partners may in addition include others to be represented as advisors to their delegations.

Central elements of the discussion and all decisions from the consultations shall be recorded in minutes from the WG.

4. Whenever the Participating Partners and Tanzania agree to extend existing or include new components in the Programme this shall be recorded.

**Article III**

**Contributions of Norway**

1. Norway shall subject to Parliamentary appropriations, on the terms and procedures set out or referred herein, make available to Tanzania a financial grant not exceeding NOK 4,000,000 (Norwegian Kroner Four Million) ("the Grant") to the PER Basket fund over a three year period.

2. Any accrued interest on the Grant may be used for the benefit of the Programme.

3. Any unspent disbursed funds shall be returned to Norway on a pro-rata basis upon the completion of the Programme unless otherwise agreed upon.

**Article IV**

**Contributions and Obligations of Tanzania**

Tanzania shall make all reasonable efforts to facilitate the successful implementation of the Programme, and shall hereunder:

1. have the overall responsibility for the planning, administration and implementation of the Programme;

2. ensure that the Grant is reflected in the plans, budgets and accounts of Tanzania, and that accounts for the Programme are kept in accordance with generally accepted accounting practices;

3. promptly inform Norway of any condition which interferes or threatens to interfere with the successful implementation of the Programme;

4. permit representatives of Norway to visit any part of Tanzania for purposes related to this Agreement and examine any relevant records, goods and documents;
fulfil the obligations stated in Article VI below.

Article V
Disbursement

1. Financing of the Programme will be made through a basket fund (the PER Basket Fund), where both Tanzania and donors will contribute. The PER Basket Fund will be administered by the Ministry of Finance as described in the MoU.

2. Tanzania shall submit written requests for disbursements from the Grant, based on annual budgets approved by PER WG. Each instalment will cover the expenditure for a maximum of six months.

3. Transfer of the funds will be undertaken upon Norway's approval of the request to Tanzania shall immediately, in writing, acknowledge receipt of the funds.

Article VI
Reports, Audits, Reviews

Reports on progress, audits and reviews shall be conducted and delivered to Norway as outlined in the attached MoU.

Article VII
Procurement

1. Tanzania undertakes to effect all procurements of goods and services for the Programme and is responsible for the contracts to be signed. Tanzania shall observe the highest ethics during the procurement and execution of the contracts.

2. All procurements shall be performed in accordance with generally accepted principles and good procurement practices, and in accordance with Tanzania's procurement Act. Invitations to tender or to make offer as well as procurement contract shall, respectively, include a clause stating that the tender/offer will be rejected and the contract cancelled, in case any illegal or corrupt practices have been connected with the award or the execution of the contract.

No offer, gift, payments or benefit of any kind, which would or could be construed as an illegal or corrupt practice, shall be accepted, either directly or indirectly, as an
inducement or reward for the award or execution of procurement contracts. Any such practice will be grounds for cancellation of this Agreement and/or the procurement contract concerned.

3 Tanzania shall upon request furnish Norway with all relevant information on its procurement practices and actions taken, and provide access to all related records and documents. Norway may require access to information even during that stage in the procurement procedure when it is restricted to the officers performing the procurement. Restrictions on such information shall be respected until the information can be made public without any risk of detriment to the result of the procurement.

4 Tanzania shall ensure in its national legislation adequate and effective means to punish and prevent illegal or corrupt practices.

Article VIII
Reservation

1 Norway reserves the right to withhold disbursements at any time in case inter alia - the Programme develops unfavorably in relation to the Goal and Objective, - there is misuse of funds, - substantial deviations from agreed plans or budgets occur, - the documentation specified in Article VI above, is not delivered as agreed, - the financial management of the Programme is not satisfactory.

2. Norway reserves the right to claim repayment in full or in part of funds from the Grant if the funds or part of the funds are found not to be used in accordance with the terms and conditions of this Agreement or not satisfactory accounted for.

3. Before withholding any disbursements or claiming repayment there shall be consultations between Tanzania and Norway with a view to reaching a solution.

4. Norway will cancel this Agreement or portion of this Agreement and have the right to demand the cancellation of any contract financed under this Agreement, with immediate effect if it proves, with respect to any contract to be financed under this Agreement, that corrupt or fraudulent practices were engaged in by representatives of Tanzania or of beneficiary of aid funds during procurement or during the execution of the contract without Tanzania having taken timely and appropriate action satisfactory to Norway to remedy the situation.

5. Norway and Tanzania agree to cooperate on preventing corruption within and through the Programme. Norway and Tanzania undertake to take rapid legal measures in their respective countries to stop, investigate and prosecute in
accordance with national law any person suspected of corruption or other intentional misuse of resources.

**Article IX**

**Distribution of the present Agreement**

The Parties shall distribute copies of the present Agreement to the respective ministries, authorities and other institutions involved in the Programme or otherwise in need of information on its content.

**Article X**

**Disputes - Entry into Force - Termination**

1. If any dispute arises relating to the implementation or interpretation of the present Agreement, there shall be consultations between the competent authorities designated in Article II, Clause 2, above, with a view to reaching agreement.

2. This Agreement shall enter into force on the date of its signature and shall remain in force until both Parties have fulfilled all obligations arising from it. Whether these obligations shall be regarded as fulfilled shall be determined in consultation between the Parties.

3. Notwithstanding the previous paragraph both Parties may terminate the present Agreement by giving three months written notice to the other Party.

In witness whereof, the undersigned, acting on behalf of their respective Governments, have signed the present Agreement in two originals in the English language.

Done in 0sm the 23/12 day of 2003

For the Government of the Kingdom of Norway

For the Government of the United Republic of Tanzania
ANNEX I  Agreed Programme Summary
ANNEX II  Memorandum of Understanding